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**WTO Panel Finds That Korea Maintains
WTO-Inconsistent Restrictions on U.S. Beef Imports**

United States Trade Representative Charlene Barshefsky applauded a July 31 World Trade Organization (WTO) panel report which concluded that Korea's import regime for beef discriminates against imports from the United States and other foreign suppliers. The panel also found that the excessive amount of subsidies that Korea provides to its cattle industry violates its reduction commitments on domestic support.

"This ruling will greatly enhance market access for U.S. beef later this year as Korea's beef quota is scheduled to expire on December 31, 2000," stated Ambassador Barshefsky. "The elimination of restrictions on both the importation and distribution of imported beef should afford U.S. exporters a significant opportunity to build on past successes. Korea is currently the third most important export market for U.S. cattle ranchers."

Background

The United States requested WTO dispute settlement consultations with Korea in February 1999 and requested the formation of a panel in April 1999. A panel was established in July 1999, after Australia also commenced WTO dispute settlement procedures regarding Korea's beef import regime.

The panel found that Korea's requirement that imported beef be sold in separate retail stores and the imposition of other requirements only on imported beef are inconsistent with Korea's obligations under GATT Article III:4 because they result in less favorable treatment for imported beef than is accorded to Korean beef. In practice, Korea's requirement that imported beef be sold in separate stores has excluded imported beef from approximately 90 percent of the 50,000 retail beef outlets in Korea. In addition, Korea restricts the distribution and sale of imported beef by confining import authority to a small number of governmental and commercial entities, thus, effectively controlling both wholesale and retail channels of distribution, as well as the volume and

price of imported beef.

The panel also concluded that Korea provided domestic subsidies to its cattle industry at levels that resulted in Korea's total support for agriculture being higher than permitted by its commitments under the *WTO Agreement on Agriculture*. The significant increases in domestic subsidies for Korea's cattle producers in both 1997 and 1998 resulted in Korean beef production at levels which would otherwise have been uneconomical, contributing to reduced opportunities for U.S. beef.